

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1400 hours on Thursday 18 October 2018, Committee Room 3&4

Present:

Councillor Sir Albert Bore (Chair)

Councillors: Meirion Jenkins, Josh Jones, Zaheer Khan, Narinder Kaur Kooner, Ewan Mackey and Paul Tilsley

Also Present:

Steve Powell, Assistant Director, Corporate Finance

Jayne Power, Scrutiny Officer

Emma Williamson, Head of Scrutiny Services

1. NOTICE OF RECORDING/WEBCAST

The Chairman advised the meeting to note that this meeting will be webcast for live and subsequent broadcast via the Council's Internet site (www.civico.net/birmingham) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2. APOLOGIES

Apologies were received from Councillor Muhammad Afzal.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES – 4 SEPTEMBER 2018

(See document No 1)

An amended version of the notes was tabled and the following points were raised:

- The Chair explained the amendments had been made to provide clarification on the baseline which had been set;
- With regard to the £5.8m of IBCF to mitigate non-delivery of savings in 2018/19, it was confirmed that this was a one-off, with plans in place to address this in 2019/20 meaning that the problem does not carry forward;
- In view of the above, the Chair suggested that revised wording to the second bullet point on page 2 of the notes should be agreed with Steve Powell, AD, Corporate Finance, and the notes amended accordingly.
- It was also pointed out that the overall savings requirement in future years will be determined by a number of factors, including inflation, tax base, etc,

and therefore the savings requirement for next year cannot be confirmed at this stage.

RESOLVED :-

- Revised wording to be agreed and amended notes to be brought back to the next meeting.

5. FINANCIAL MONITORING 2018/19 MONTH 5

(See document No 2)

Steve Powell, Assistant Director, Corporate Finance, attended for this item.

In discussion, and in response to Members' questions, the following were among the main points raised:

- The Chair referred to the Summary Comments in the report and put forward ratings for each of the 7 comments (this excludes the comment referring to meetings), which, if a traffic light system was applied, would result in 5 red, 1 possibly amber, and 1 green;
- Steve Powell explained that the efficiency savings are in the savings plan from 2020 onwards and the challenge directorates have been set is whether they are able to bring them forward. However, if they are not able to do this that is not a failure to deliver this year's budget;
- A Programme Management Office (PMO) is being put in place to try to drive up standards in planning and delivery but it was acknowledged there is work to be done on this;
- In relation to the reported figure of £13.6m for overspend in 2018/19, through monthly meetings ways are being sought to reduce the problems and identify mitigation actions, for example the freeze on non-essential spending;
- Members expressed concern that the £13.6m figure is £1.5m more than the £12.1m figure reported in Month 4 and were told that although the headline figure has worsened in Month 5, a substantial element of that is due to one specific factor, being the corporate target around increased income generation where some timing difficulties have been experienced
- In response to further concerns around the lack of plans and actions to address issues and lack of detail about where savings will be realised, it was pointed out that the setting up of the PMO is an acknowledgement that more needs to be done to deliver the savings and that also in the monthly monitoring reports a balance has to be struck between the level of detail and an overall summary;
- In terms of capital receipts, the Council no longer has the incentive share arrangement so the use of all capital receipts is determined corporately in accordance with corporate priorities. Detailed resourcing of the capital programme, including capital receipts, was set out in the financial plan with a view taken not just one year ahead but several years ahead. In assessing the availability of capital receipts, Finance works closely with colleagues in Property Services but a degree of caution is exercised for planning purposes so as to not risk over-committing the receipts before they are generated;

- Moving on to Adult Social Care and Health, the Chair flagged up three issues:
 - Base pressures on Packages of Care of £1.7m before mitigations of £1.7m were identified – there is no detail about what those mitigations are and it was acknowledged that this might be an issue for the Health and Social Care O&S Committee looking at service issues, rather than this committee;
 - Additional pressures from young people transitioning into Adult Care of £19m by 2021/22 and the current assumption that the “Transition Project” (reported to Cabinet in June) will mitigate these pressures – it was felt that perhaps that Cabinet report ought to come to this committee so that Members can ask questions about whether that project is delivering on mitigating the pressures;
 - No implementation plans to deliver the efficiency savings have yet been identified for 2018/19 – this is of concern at Month 5.
- Steve Powell reiterated that the budget has not been set on the basis that efficiency savings will be brought forward to 2018/19 but to the extent that they can be, that will help to mitigate, and pointed out that Table 3 in the monitoring report states that the Adult Social Care & Health Directorate are forecasting that they will be delivering the £2.39m efficiency target in 2019/20. The third bullet point above means no way of bringing the efficiency savings forward into this year has yet been identified;
- More detail with regard to specific budget lines, such as the £1.7m mitigations in terms of Packages of Care, to be requested from the relevant service areas and responses provided can then be passed on by this committee to the Chairs of the relevant O&S committees suggesting that they look at these issues so that they can question and understand the detail and the impact on services;
- With regard to Children and Young People, the Chair raised the following concerns:
 - At the committee’s July meeting when Travel Assist was on the agenda, assurances were received from officers in respect of the steps being taken to deal with some of the issues and pressures appearing in this budget line, but at Month 5 a £2.2m base budget pressure and a £1.3m non-achievement of savings are being reported, therefore this is still an area of concern and Members are minded to bring this item back to a future meeting in this financial year;
 - The forecast base budget pressure of £0.5m in Day Nurseries which cannot close until April 2019 at the earliest due to a delayed Cabinet report which if not agreed by Cabinet will be an on-going pressure of £1.0m;
 - One-off saving of £0.6m identified by deferring repayment to school balances – is this repayment going to be in 2019/20;
 - Early Years pressure of £0.9m mitigated by a saving of £0.9m assumed on the basis that there is no repayment of Public Health funding required in 2018/19 – it was questioned why Public Health funding

was being used for Early Years and whether the non-repayment had been agreed with Public Health;

- SENAR service funding shortfall of £1.1m in 2019/20 as a result of grant funding running out – not included in the current plan so action needs to be taken to reduce the budget in future years;
 - No further mitigations yet identified – it is felt this needs to be brought to the attention of the relevant O&S committee;
- Members were advised that the repayment to school balances, the understanding is it is a multi-year payment;
- In terms of Public Health, the understanding is that this has been agreed and the phasing of Public Health contributions has now been amended so the repayment is no longer required;
- Members were concerned at the use of acronyms in the report and asked that normal terminology be used in financial reports to make them easier to understand;
- Turning to Place Directorate, the following issues were raised:
 - With regard to Waste Services, Members questioned how the implementation of the Memorandum of Understanding can be cost-neutral;
 - Concern was expressed that more costs will be incurred due to the current level of missed collections;
 - The reduction in demand from internal council customers was queried;
 - Members asked for further detail on the £0.2m overspend on Equalities and Community Cohesion/CCTV;
- With regard to Economy Directorate, Members raised the following points:
 - Civil parking enforcement – Members agreed the £0.7m additional income was good, they hoped that this was not being achieved through having less Enforcement Officers;
 - The £1.6m non-delivery of In-Reach savings, largely due to delays – Members were advised that it is believed approval has now been received from the Secretary of State.
- The Corporate Position refers to a target of £1.2m from commercialism savings, however it was pointed out that it was important to be accurate with descriptions in not meeting income generation targets, and it was agreed that this should be referred to as commercialism *income* not *savings*;
- Concerns were raised with regard to Acivico and the Chair confirmed that this would be programmed for the December committee meeting following the report to Cabinet;
- In terms of mitigations, clarification was provided with regard to one-off mitigations meaning that problems identified at Month 4 are no longer appearing at Month 5;

- With regard to the use of reserves, it was pointed out that it was important to note there will always be a normal use of reserves due to phasing issues and Members said that as a committee they will always be watching the use of reserves, particularly in light of the comments made by the Birmingham Independent Improvement Panel;
- More detail was needed regarding borrowing – data in particular on Phoenix was requested;
- A question was asked about the sale of the NEC and whether there was a sell-on clause and Members were told that this would be raised with colleagues.

RESOLVED:-

- Further detail to be provided on all mitigations identified (specific reference made to the £1.7m mitigations in relation to Adult Social Care & Health Packages of Care);
- An explanation to be provided with regard to the £0.2m overspend on Equalities & Community Cohesion/CCTV;
- More detail to be provided on borrowing from Phoenix;
- Response to the question about the sale of the NEC and whether there was a sell-on clause;
- More detail on the Waste Services projection and the assumption that the implementation of the Memorandum of Understanding is cost neutral.
- The report was noted.

6. WORK PROGRAMME

(See document No 3)

Members discussed the work programme and the following points were raised:

- Long Term Financial Planning – assistance has been requested from Finance & Governance officers to identify best practice in other Local Authorities with a view to arranging visits;
- Consideration to be given to other issues to include on the work programme – for example Travel Assist, Young People transitioning into Adult Care, Waste Services and Commercialism;
- Acivico has been programmed for December after the report to Cabinet;

RESOLVED:-

- The Work Programme was noted.

7. OTHER URGENT BUSINESS

None.

8. DATE OF NEXT MEETING

The next meeting on 15th November was noted.

9. REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)

None.

10. AUTHORITY TO CHAIRMAN AND OFFICERS

Agreed.

The meeting ended at 1558 hours.